

OSD Declassification/Release
Instructions on File

SUBJECT: Commercial Liaison Activities

The following comments are based on an intensive study of all available material in MID concerning previous activities of the War Department in connection with the securing of foreign information from American commercial organizations.

1. The last and only previous organized effort along subject lines appears to have been made in the period 1918-1922. Major Marlborough Churchill is indicated as the "spark plug" of this activity, and it is interesting to note that the project died an early death after his departure from MI-5.
2. Contacts were established with some 40-50 firms with head offices in New York City.
3. Arrangements were made for the contact to transmit information to MI-5 on plain paper with a code number to identify the source.
4. Long and often involved questionnaires were sent to the commercial contacts. In general it appears to have been the policy to eliminate any question which was directly involved with the business activity of the contact concerned.
5. In addition, the names of the contacts foreign representatives were obtained and then arrangements made for them to be contacted in the field by the M/A's.
6. It was also the policy to emphasize the reciprocal nature of the arrangement and to freely offer War Department information to the commercial contact.

6. (cont). War Dept. "estimates" on various foreign countries were often sent to these commercial contacts for criticism and comment.

7. Commercial contacts sent their information either direct to MI-5 (using double envelopes) or thru an intermediary address in Philadelphia.

8. In general it appears that the firms contacted were very willing to cooperate in the project.

COMMENTS:

It is believed that a valuable lesson can be learned from this study of the commercial contact project carried on twenty-five years ago:

- a. We can count on the cooperation of American business firms in such a project.
- b. There must be provision for continuance of the project as a long term venture; ~~there is no provision for~~ it does not enhance War Department prestige or build up a desire to cooperate if large American firms are sold on the idea of whole-hearted cooperation in a project and then see it die out in a few years.

- c. There should be no "trading" of information between the War Dept. and its commercial contacts. We cannot insure protection of the information received and the source if we give War Dept. information to our contacts; such a policy will have inherent in it the ever-present danger of giving one contacts highly classified information to a competitor.
- d. The "pay" which American firms receive for their cooperation in this project will be the knowledge that the information they give the War Dept. will enable ~~to~~ it to provide a higher degree of national security; a factor which is a basic essential to the continued prosperity of the American firms and the continued "good health" of the individuals who operate them.
- e. Questionnaires should not be used. The scope of information needed by MID is so extensive that we can readily assume that any foreign information which is deemed important by an American firm engaged in international operations will also be of equal importance to MID.

- f. The most simple operation would be to ask the commercial contact to give us copies of all their reports received from their foreign representatives which contained any information which they considered important from the standpoint of their own operations.
- g. In the initial introduction to the project it could be pointed out that MID is interested in many different types of information other than purely military information. It is readily apparent that the Economic and Political Sections of the BID list items of information which are essential to the profitable conduct of any business on an international scale.
- h. It should be obvious that the best source of oil information is an oil company, etc. If we have the machinery for proper protection of the information and its sources, we can secure such information.